



Sustained growth in a challenging environment

Why not
securitization?

EFSE Annual Meeting 2007

Budva, Montenegro



Topics

Romania

- Macro picture
- Banking system

Banca Transilvania

- Strategy and organization
- Key developments during 2006
- Why not thinking about securitization?



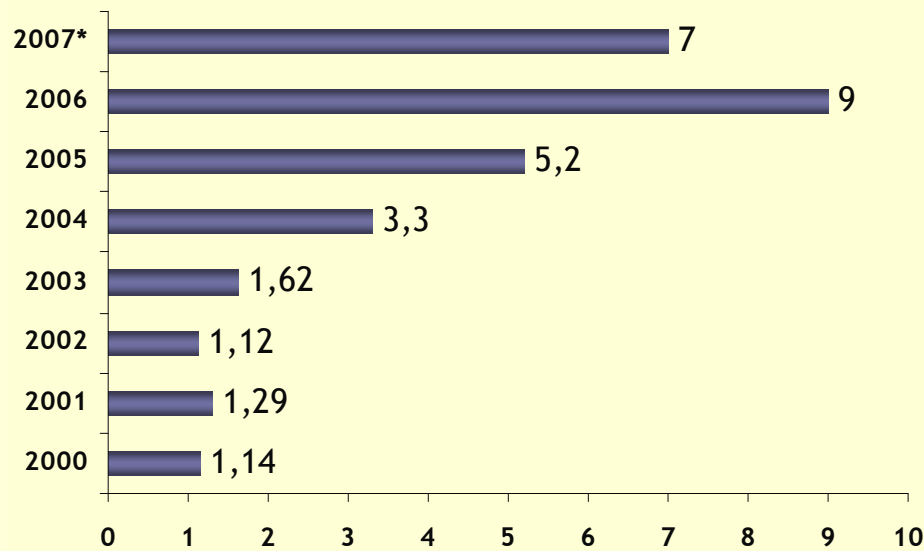
Romania

- Macro picture
- Banking system

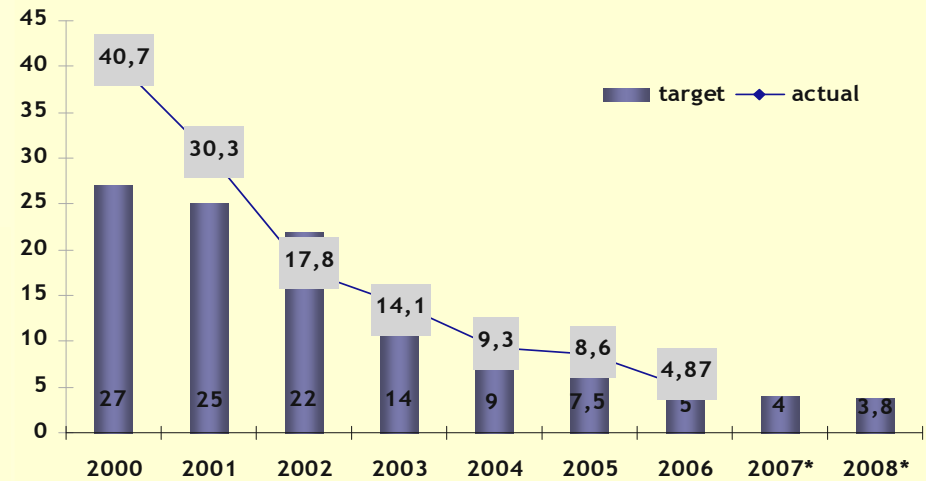


Romania macro picture

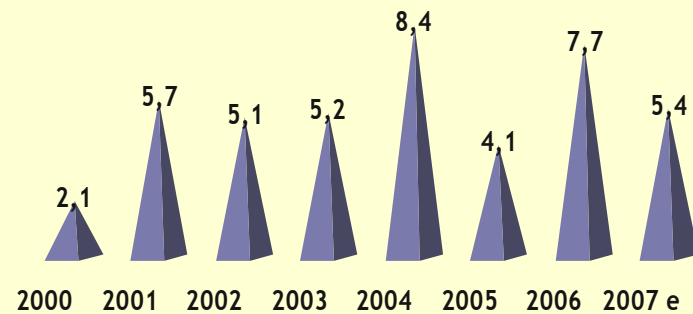
FOREIGN INVESTMENTS IN ROMANIA (billion EUR)



Inflation rate



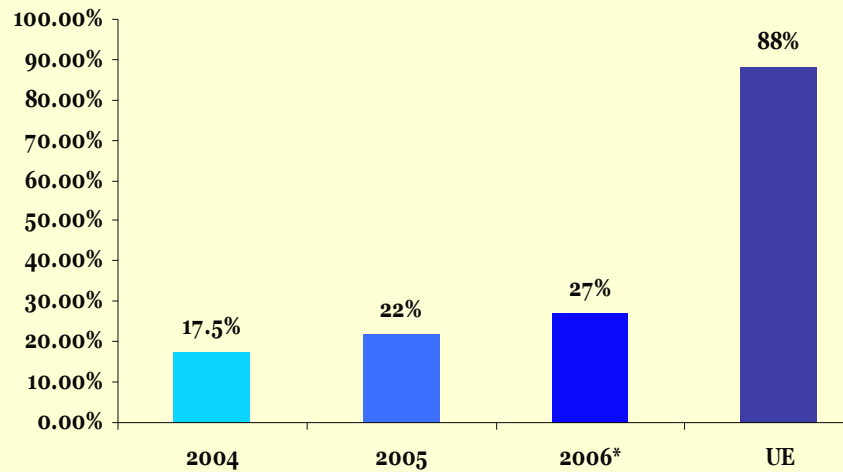
Real GDP



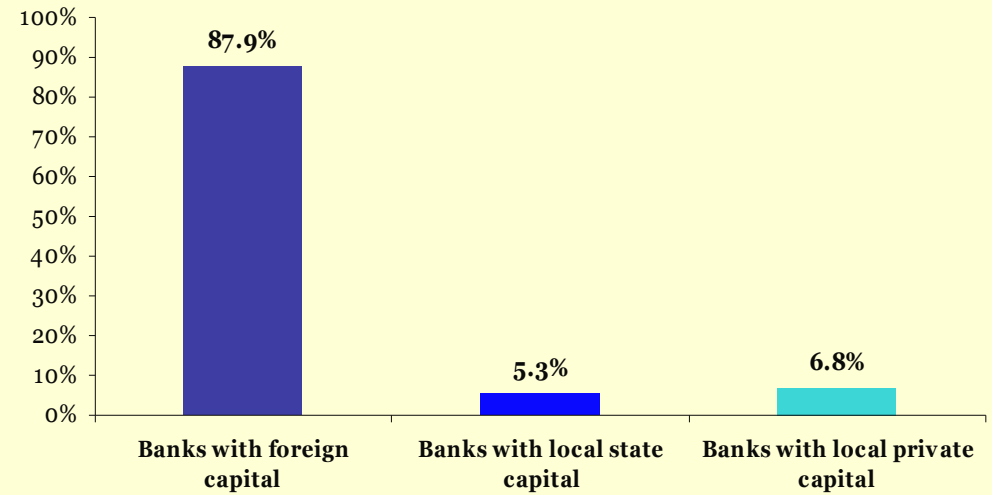


Banking Sector in Romania

Weight of non-governmental loans in GDP (%)



Market shares in the banking system/Total Assets (%)



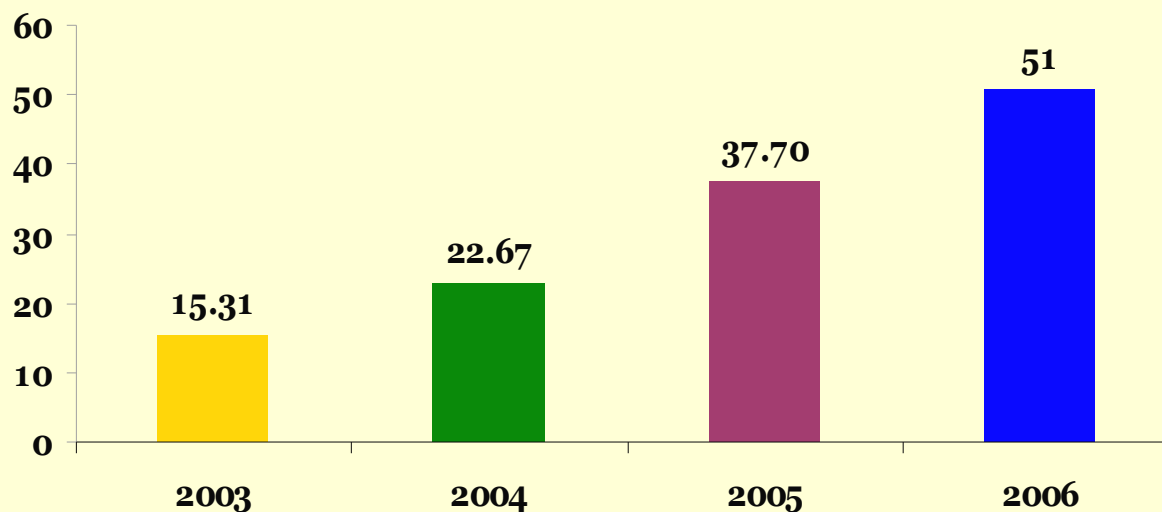


Banking Sector in Romania

Features:

- 37 banks (of which 6 foreign bank branches)
- 61% of banking assets held by top five banks
- Solvency ratio: 17.9%

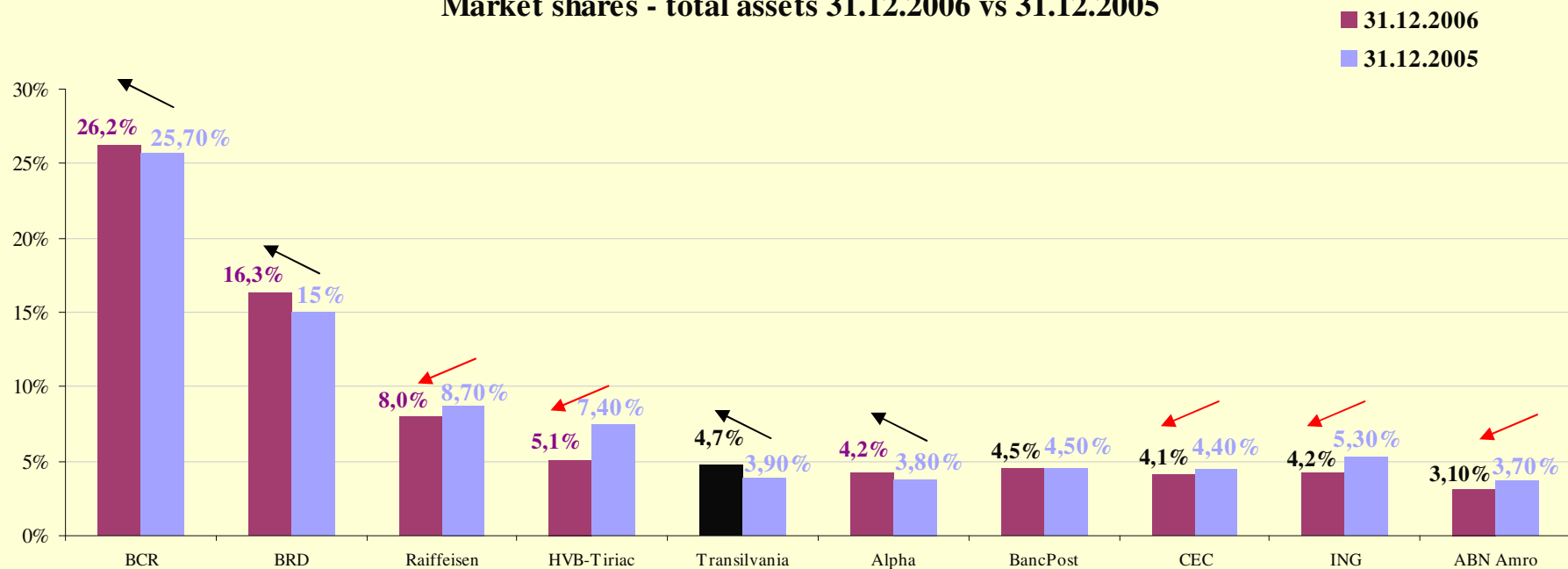
Evolution of banking assets in Romania (bn. EUR)





Banking Sector in Romania

Market shares - total assets 31.12.2006 vs 31.12.2005





Banca Transilvania

- Strategy and organization
- Key developments during 2006
- Why not thinking about securitization?
- Refinancing: own behalf & our clients



Banca Transilvania: group strategy

- ❑ Establishment and consolidation of Banca Transilvania Financial Group, the bank being the core business and synergies driver
- ❑ Cross-selling with subsidiaries:
 - BT Asigurări (insurance)
 - BT Leasing Transilvania (leasing)
 - BT Securities (brokerage)
 - BT Direct (consumer finance)
 - BT Investments (investment vehicle)
 - BT Asset Management S.A.I.
 - Compania de Factoring



Nationwide network, closer to clients

HEAD OFFICE



- In 2003 the bank started an ambitious expansion program

- In 2006, 125 new units have been opened and the plan continues for 2007 for other 80 new units

Current network: 365 units

5,000 employees



Key developments - 2006

Regional network consolidation: **341 units**

Increase of market share / total assets: **4.7% / EUR 2.4 billion**

Strategy continuance implemented at each business line level:
- retail, SME and corporate

Strengthening the bank's capital base: **more than EUR 62 million-tier 1 and EUR 60 million-tier 2**

Developing Banca Transilvania Financial Group via capital investments and opening of new subsidiaries



Achievements on business lines

RETAIL

Around 620,000 active clients

Strong market shares in strategic products

- 7.25% in mortgages

Cards business

- 9.88% market share
- 894,000 cards
- 475 ATMs, 3,800 POS

Internet Banking:
23,000 users

SME

Over 78,000 active clients
=> 15% market share

Increased revenues

Professional sales force

Dedicated SME financing programs and products

Romanian Entrepreneurs club (7,500 members)

CORPORATE

Over 8,000 active clients

Monthly turnovers of over 1 EUR billion through BT accounts

Cash management trade finance, treasury products

Performing Electronic Banking platform



Retail

Retail loans in total loans: 43%

- Mortgage loans/Total Retail Loans: 61.38%
- Consumer loans/Total Retail Loans: 27.28%
- Card Loans /Total Retail Loans: 11.34%

 - via debit cards: 8.35%
 - via credit cards: 2.99%



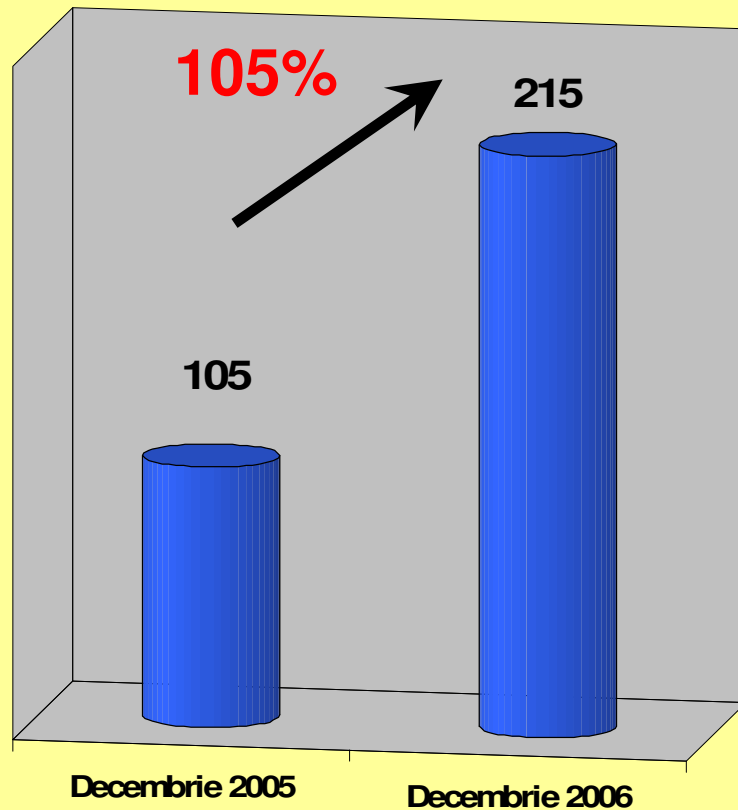
SME & Corporate

- SME loans in total loans: 14%
- 9 dedicated SME products: loans, Club, subscription

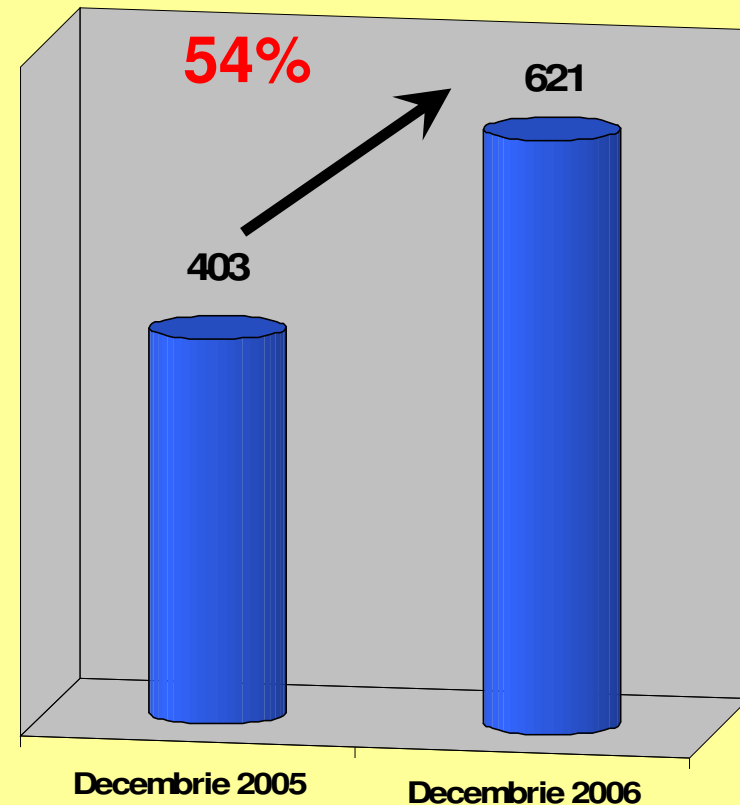
- Corporate loans in total loans: 43%
- The Business Account

Loans (EUR Mio.)

SME



Corporate

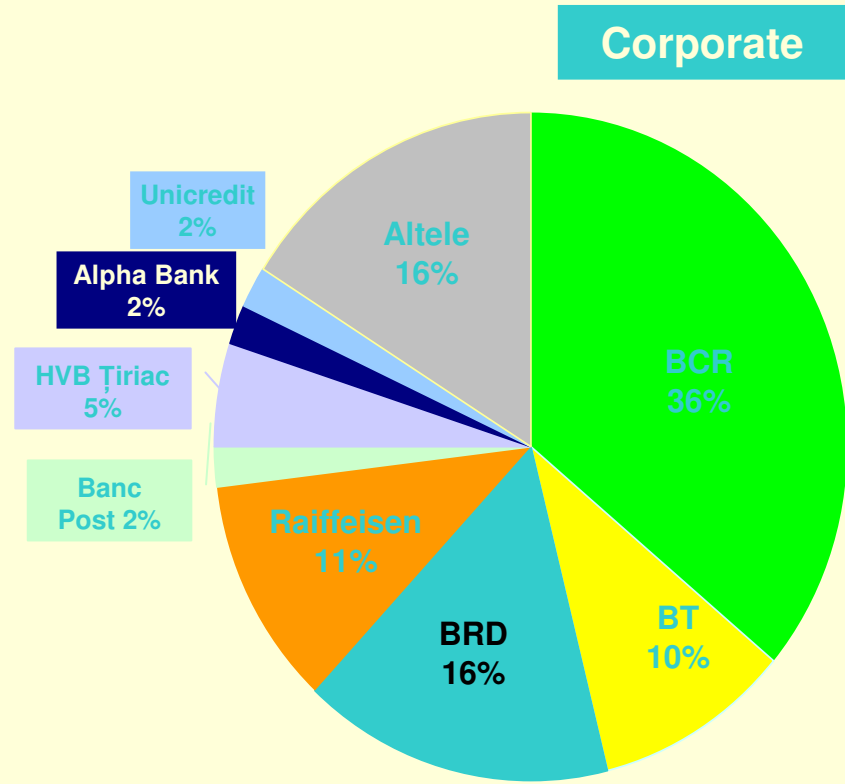
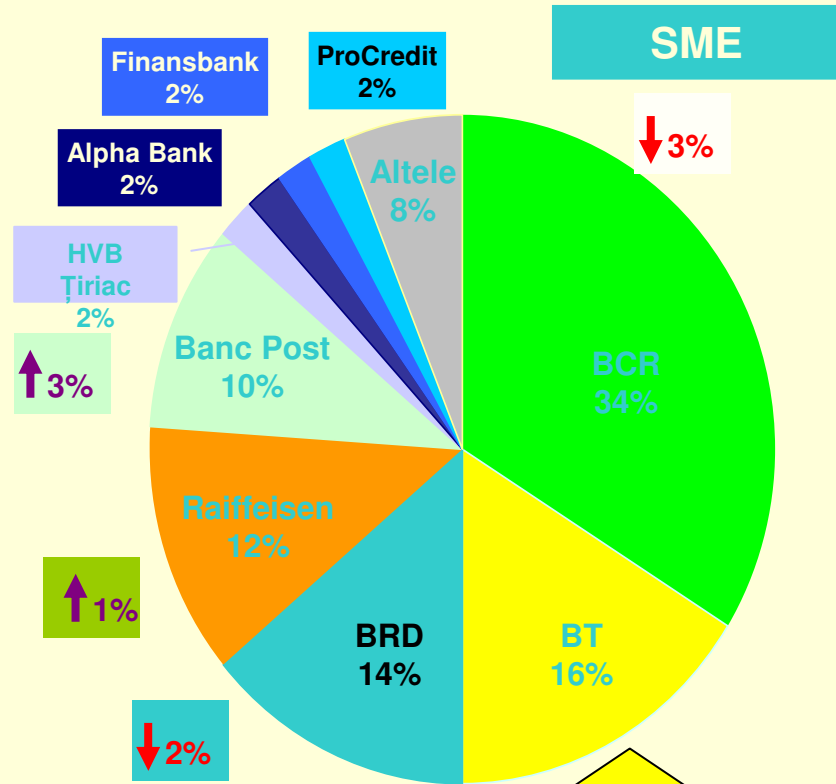


Staff increase

+170 (94%)

+31 (15%)

Market share SME/corporate clients



Comparative analysis against December 2005

- ↑ Share increase
- ↓ Share decrease

31%
of Corporate clients
BT = 16
Main bank / Secondary



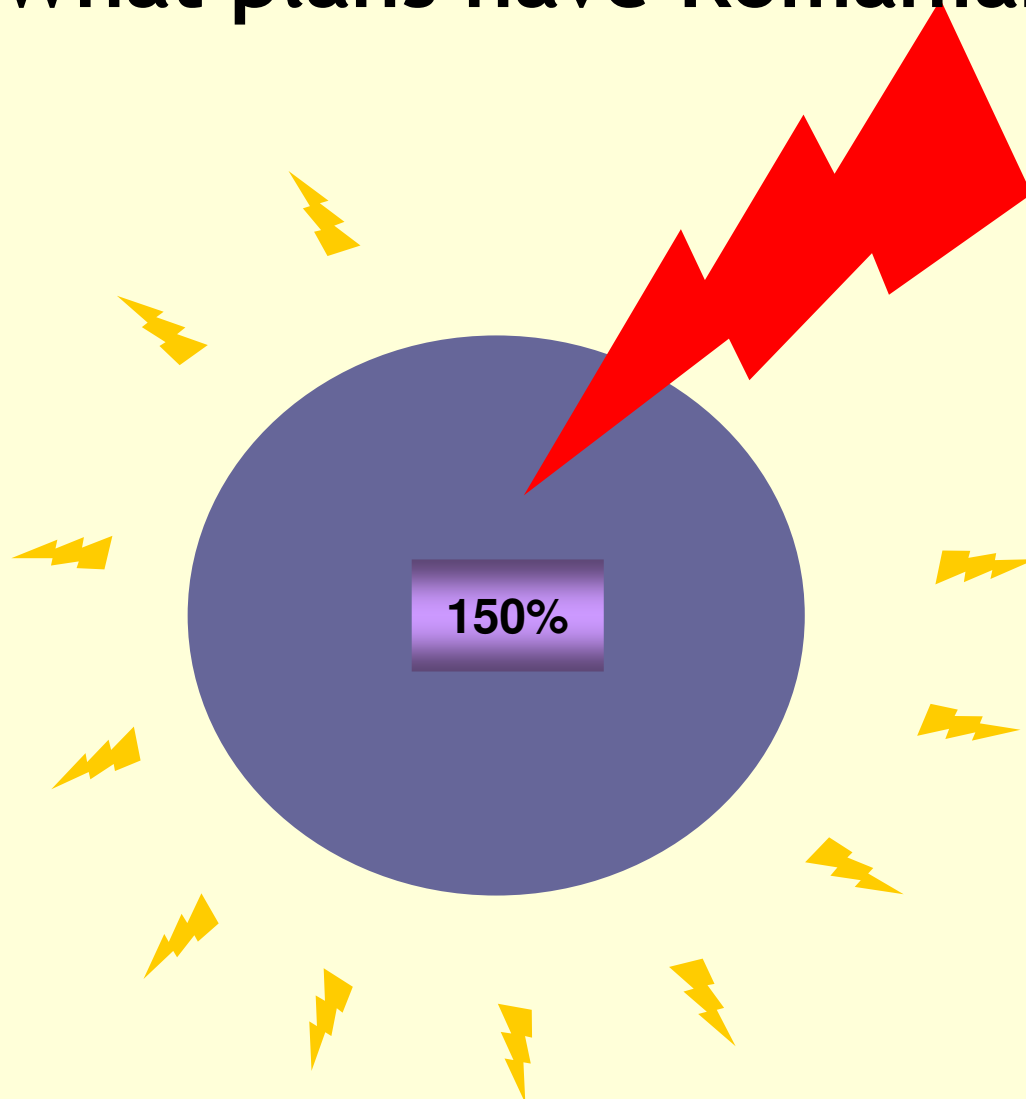
Why not thinking about securitization?



a. True sale?



What plans have Romanian banks for 2007?



BCR: from 25% to 30%

BRD: from 16% to 20%

Raiffeisen: from 8% to 11%

HVB-Tiriac: from 5% to 8%

etc

**TOTAL MARKET SHARE:
150%**



Fight for additional market share will diminish the chances for a “true sale” securitization



b. Credit risk?



BT - Romanian bank ↔ Romanian risk

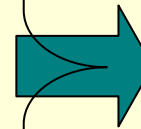
Strategy: to accept Romanian risk

SMEs

Micro companies

Retail (consumer + mortgage)

Capital requirements: lowering to 8%



**No strategic
interest for BT
to initiate a
securitization**



c. Cost of funding?



Initial costs for the first deal: significant

Profile of loan portfolio: higher risk = higher margins

Currency structure of loan portfolio

Funding costs: (relatively) lower after EU accession



Insufficient cost reduction



d. Asset - liability management?



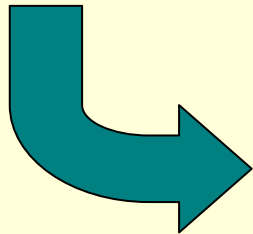
Under banked country

- easy to grow the deposit base

Growth in RON

Syndication market: barely touched

Bonds: not yet



**Other financing opportunities
to be experienced first**



Why not securitization?

Conclusions

Market share growth strategy

Acceptable credit risk profile of our portfolio

Insufficient cost reduction incentives

Balanced assets and liabilities growth

Other financing structures to be experienced first



BANCA TRANSILVANIA

Thank you!

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